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TO RUEHC/SECSTATE WASHDC 3033
INFO RUEHAC/AMEMBASSY ASUNCION 6681
RUEHBO/AMEMBASSY BOGOTA 4004
RUEHBR/AMEMBASSY BRASILIA 7891
RUEHBU/AMEMBASSY BUENOS AIRES 5145
RUEHCV/AMEMBASSY CARACAS 2369
RUEHPE/AMEMBASSY LIMA 2485
RUEHMD/AMEMBASSY MADRID 3406
RUEHMN/AMEMBASSY MONTEVIDEO 4523
RUEHNE/AMEMBASSY NEW DELHI 0116
RUEHQT/AMEMBASSY QUITO 5014
RUEHSG/AMEMBASSY SANTIAGO 9595
RUEHKO/AMEMBASSY TOKYO 0293
RUEHUB/USINT HAVANA 0246
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C O N F I D E N T I A L LA PAZ 000903

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TREASURY FOR SGOOCH

E.O. 12958: DECL: 04/02/2017
TAGS: [EMIN](#) [EINV](#) [ECON](#) [PREL](#) [PGOV](#) [BL](#)
SUBJECT: COOPERATIVE MINERS "TAKE" CERRO RICO

Classified By: DCM Krishna R. Urs for reason 1.4 (c).

11. (U) Press reports indicate that approximately 16,000 cooperative miners "took" Cerro Rico, the mountain that supplies much of Bolivia's silver, April 2, demanding that the GOB retreat from a proposed decree suspending surface mining activity above 4,400 meters. The GOB has argued that mining activity should cease while the government undertakes a comprehensive study to assess the mountain's stability, which experts believe has been undermined by 500 years of often loosely regulated mineral extraction.

12. (SBU) According to Jim Duff, president of the local subsidiary of U.S.-based Coeur d'Alene Mines, miners have threatened road blockades and other measures if the GOB moves ahead with its decree; cooperatives have proposed instead that work continue while the GOB conducts a geotechnical study. Duff remarked to Econoff April 3 that gauging the severity of the situation is difficult, as thousands of miners work and "occupy" Cerro Rico every day.

13. (C) Duff indicated that the forced suspension of surface mining activity above 4,400 meters would have serious implications for Coeur d'Alene's \$135 million San Bartolome project, as the area represents 40 percent of the venture's declared silver reserves. In a March 29 meeting with new Mining Minister Luis Alberto Echazu, Coeur d'Alene Chief Executive Dennis Wheeler bluntly said the company would have no choice but to "shut down and pursue international arbitration" if the GOB issued its decree, as the move would violate Coeur d'Alene's contractual right to exploit Cerro Rico silver deposits via surface mining techniques.

14. (C) Comment: Coeur d'Alene executives have raised their concerns in a letter to President Morales and in conversations with the mining minister and other GOB

officials; they have not, however, spoken publicly.
According to Duff, all they can do is wait, in hopes of
seeing the GOB continue its pattern of giving in to
cooperatives' demands; if it does, this latest threat to
Coeur d'Alene's operations will evaporate as quickly as it
appeared. End comment.
GOLDBERG